

WORK SESSION-----ROANOKE CITY COUNCIL

July 29, 2002

12:20 p.m.

Pursuant to Resolution No. 35958-070102, adopted on July 1, 2002, a work session of Roanoke City Council was called to order on Monday, July 29, 2002, at 12:20 p.m., in the Emergency Operations Center Conference Room, Room 159, Noel C. Taylor Municipal Building, 215 Church Avenue, S. W., City of Roanoke, by Vice-Mayor C. Nelson Harris.

PRESENT: Council Members William D. Bestpitch, William H. Carder, M. Rupert Cutler, Alfred T. Dowe, Jr. (arrived at 12:25 p.m.); C. Nelson Harris, Linda F. Wyatt and Mayor Ralph K. Smith (arrived during the Closed Session)-----7.

ABSENT: None-----0.

OFFICERS PRESENT: Darlene L. Burcham, City Manager; William M. Hackworth, City Attorney; Jesse A. Hall, Director of Finance; and Stephanie M. Moon, Deputy City Clerk.

Vice-Mayor Harris advised that due to a previous commitment, Mayor Smith would be late arriving for the meeting.

CITY COUNCIL: A communication from the City Manager requesting that Council convene in Closed Session to discuss acquisition of real property for public purpose, where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the City, pursuant to Section 2.2-3711 (A)(3), Code of Virginia (1950), as amended, was before the body.

Ms. Wyatt moved that Council concur in the request of the City Manager to convene in Closed Session to discuss acquisition of real property for public purpose, where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the City, pursuant to Section 2.2-3711 (A)(3) Code of Virginia (1950), as amended. The motion was seconded by Mr. Carder and adopted by the following vote:

AYES: Council Members Bestpitch, Carder, Cutler, Dowe, Wyatt and Vice-Mayor Harris-----6.

NAYS: None-----0.

(Mayor Smith had not arrived when the vote was recorded.)

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AYES: Council Members Bestpitch, Carder, Cutler, Dowe, Wyatt and Vice-Mayor Harris-----6.

NAYS: None-----0.

(Mayor Smith had not arrived when the vote was recorded.)

CITY COUNCIL: A communication from the City Manager requesting that Council convene in Closed Session to discuss disposition of publicly-owned property, pursuant to Section 2.2-3711 (A)(3), Code of Virginia (1950), as amended, was before the body.

Ms. Wyatt moved that Council concur in the request of the City Manager to convene in Closed Session to discuss acquisition of real property for public purpose, where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the City, pursuant to Section 2.2-3711 (A)(3) Code of Virginia (1950), as amended. The motion was seconded by Mr. Carder and adopted by the following vote:

AYES: Council Members Bestpitch, Carder, Cutler, Dowe, Wyatt and Vice-Mayor Harris-----6.

NAYS: None-----0.

(Mayor Smith had not arrived when the vote was recorded.)

At 12:25 p.m., the Vice-Mayor declared the meeting in recess.

At 3:15 p.m., the meeting reconvened, with Mayor Smith presiding, and all members of the Council present, with the exception of Vice-Mayor Harris.

BRIEFINGS BY THE CITY MANAGER:

TOTAL ACTION AGAINST POVERTY: The City Manager advised that during the 2002-03 budget study sessions, Council requested City staff to study the Dumas Hotel proposal, in conjunction with the South Henry Street Area Plan, and to brief Council with formal presentations. She further advised that the Gainsboro Neighborhood Plan, which would be forthcoming for adoption as a part of the Comprehensive Plan, would include an element of the South Henry Street Plan. She stated that the City had invested a sufficient amount of funds for various improvements in the south Henry Street area.

The City Manager introduced Barry L. Key, Director, Management and Budget, to present an overview of the Dumas Center for Artistic Development Project – Phase II. She also called attention to the proposed Dumas Center model that was on display.

Mr. Key highlighted the following:

Project Summary:

Phase II includes construction of a 300-seat auditorium and performance stage on the second floor, and a state-of-the-art recording studio, rehearsal rooms, and study area for the Downtown Music Lab on the third floor. The first floor will include exhibit space for the Harrison Museum of African American Culture and space for community meetings, receptions, etc.

The auditorium and performance stage will be home for the Dumas Guild and Downtown Music Lab, and will also host a range of other performances and concerts. The renovated Center will contain space for workshops conducted by the Youth on the Yard Organization, as well as a stage and audio equipment that will enhance the quality of

workshops. The Dumas Hotel will continue to be a center for live jazz performances, making it the only place in downtown Roanoke to offer such music.

The Roanoke Higher Education Center and Roanoke Catholic School have expressed support for the project and an interest in using the proposed Dumas Center for events, such as convocations, lectures, receptions, etc.

Project Cost and Funding:

Total project cost of \$4,098,184.00, including a \$256,136.00 operating endowment requirement, and proposed funds from a variety of sources including:

• Capital Campaign	\$1,356,136.00
• State Rehabilitation Tax Credits	\$1,077,446.00
• Foundation and Private Grants	\$ 680,397.00
• City of Roanoke	\$ 500,000.00
• Other	\$ 484,205.00

Funding Request to City of Roanoke:

Initially the City was requested to provide \$500,000.00 in project funding over three years beginning in fiscal year 2002-03, which request was later modified to allow funding to be phased in beginning in fiscal year 2003-04. A letter of project support was being requested from the City so that the grant application process could begin.

Funding Recommendation:

Staff recommends that the \$500,000.00 request for the Dumas Center be funded in a similar fashion to the Grandin Theater project, with \$100,000.00 being provided each year over a period of five years, beginning with fiscal year 2003-04. Funding would be provided by agreement as approved by City Council, subject to the following provisions:

- Certification of the availability of matching funds;
- City funds will be used solely for the construction project, and not for operation of the Dumas Center;
- No future operational support for the Dumas Center will be requested from the City;
- The Dumas Center would continue to be operated as a community arts and cultural center;
- All appropriate local taxes will be paid;

- The Dumas Center will not be sold or conveyed to another entity without prior written consent of the City; and
- If the Dumas Center is sold within the five years of the agreement to other than a non-profit entity, the City will recover its capital investment from the proceeds of the sale.

Mr. Key advised that the funding source would be the Capital Maintenance and Equipment Replacement Program, and funds would be provided annually over the next five years.

Mayor Smith pointed out that a variety of sources have been proposed to fund the project, and inquired about the availability of other funding sources to offset the cost. Theodore J. Edlich, III, President, Total Action Against Poverty, responded that other jurisdictions have been contacted for assistance.

By using the Dumas Center for Artistic Development model, Greg Baldwin, an architect with Balzer and Associates, Inc., explained the proposed renovations.

The City Manager advised that the purpose of the briefing is to receive approval of the project and to discuss funding. She mentioned that Mr. Edlich has requested a letter of support from the City to use in seeking additional support from local jurisdictions as well as grant possibilities.

Mr. Carder inquired if there was a certification for matching funds similar to the Grandin Theatre, and if the City has an audit function that does not include loans, only committed money; whereupon, the City Manager responded that it includes pledges and actual dollars.

Mr. Edlich advised that he has spoken with a financial institution regarding a \$1 million tax credit, an application for a pre-development of \$100,000.00, and a finance loan of \$1.5 million.

Mr. William F. Penn, 436 Elm Avenue, S. W., expressed appreciation for the City's support of the Dumas Center for Artistic Development project, and stated that he believes the entire City will benefit from the support.

HENRY STREET-NEIGHBORHOOD ORGANIZATIONS: The City Manager introduced Members of the Roanoke Neighborhood Development Corporation, and called upon Charles Price and Melinda Payne for a presentation with regard to revitalization of the south Henry Street area.

Mr. Price expressed appreciation to City Council and to the City Administration for their support of the proposed project, and advised that approximately two decades ago, former Mayor Noel C. Taylor led the charge to revitalize the Henry Street area; the Roanoke Neighborhood Development Corporation was created as the community component of a public-private partnership with the City of Roanoke; and the mission of the Corporation is to enhance the quality of life in the City of Roanoke, specifically the Henry Street area and surrounding residential neighborhoods.

Mr. Price further advised that the Roanoke Neighborhood Development Corporation is a non-profit, community-based organization (501)(c)(3) partnering with the City of Roanoke and the Roanoke Redevelopment and Housing Authority to facilitate revitalization and development in an area referred to as the "Greater Gainsboro Redevelopment Area"; the Corporation consists of Roanoke citizens who are connected to the Gainsboro community through the importance that the community played in their personal development or development of their ancestors; and in January 2002, the Housing Authority suggested that the Corporation use a "design built" method of construction to proceed with the project, which would allow pre-construction activities to begin and guarantee maximum costs.

Mr. Price stated that the Roanoke Neighborhood Development Corporation rejected two proposals that were submitted for the project -- Breakell, Inc., offer of 77 per cent ownership and total control of the project; and Blue Ridge Housing proposed extension of at least a year before construction could begin.

Ms. Payne explained that following rejection of the two proposals, discussions were held with Calvin Powers of Blue Eagle Partnership, to pursue a business arrangement with the Roanoke Neighborhood Development Corporation that would allow the Corporation to fulfill a goal to inspire other people of color to continue to work toward maintaining a place in the development of their communities.

Mr. Price further stated that the proposed Crewe Suites site will be located at the corner of Henry Street, Wells Avenue and Gainsboro Road, N. W.; it is the first catalyst project of the Roanoke Neighborhood Development Corporation that will be a four-story, 40,000 square foot, Class A quality office building; and the timeline for the project is as follows:

Complete agreement negotiations	July 2002
Begin design	July 2002
Begin pre-marketing	August 2002
Continuation of building pre-leasing	August 2002
Complete City leasing	September 2002
Evaluate fast track construction opportunity	September 2002

Loan commitments	Summer 2002
Loan closing	Fall 2002
Complete City interior layout	Winter 2002
Groundbreaking	Spring 2003
Site work	Spring 2003
Begin construction	Spring 2003
Setup property management	Summer 2003
Construction completion	Winter 2003

Mr. Price pointed out that the Corporation is committed to ensuring that the Crewe Suites project is compatible with its surroundings; and the project has received favorable endorsements from major stakeholders in the area, including churches, the Roanoke Higher Education Authority, The Hotel Roanoke and Conference Center, Downtown Roanoke, Inc., Roanoke Redevelopment and Housing Authority, and other City residents and organizations in the Historic Gainsboro area.

Mr. Price commented that the Corporation would like to request continued support from the City as follows: the City to provide at least \$300,000.00 in equity and grant commitments, to re-enforce its commitment to lease 15,000 square feet of office space in the building for a period of 20 years, to dedicate 45 parking spaces at the market rate, and to complete the Henry Street infrastructure construction program. He further commented that the City's appropriation would be used to assist in making the office building a reality; a Letter of Intent from the Roanoke Neighborhood Development Corporation and Blue Eagle Partnership would be provided to the City; and the Partnership has based its negotiations with the Corporation on the following commitments:

**15,000 square feet of lease space for 20 years (City of Roanoke)
 \$300,000.00 contribution (City of Roanoke)
 \$70,000.00 cash on hand (Roanoke Neighborhood Development Corporation)
 Land (Roanoke Redevelopment and Housing Authority)
 Completion of the infrastructure construction
 Parking space on the surface lot**

Mr. Price advised that the Corporation has selected Payne Construction Co., as its design builder. It was noted for the record that he is the Vice-President of Payne Construction, and a minority owner in the company. Ms. Payne also clarified that she is the ex-wife of the owner of Payne Construction Co. and has no monetary gain to be made from development of the project.

Ms. Vernice Law stated that Mr. Price was initially reluctant to involve his company in the project; however, the Roanoke Neighborhood Development Corporation felt the potential conflict of interest was not as important as the need to

use a minority contractor; and Payne Construction Co. is the only local firm that is familiar with the predominantly black heritage of Henry Street which is located in the City's historic Gainsboro neighborhood.

Mr. Price further advised that Payne Construction Company brings experience in construction and design build, has experience working with non-profit organizations, has the ability to involve local and minority contractors, has the experience in hiring employees from the project region, experience and expertise with clients with budgetary limits, and the Company has roots in historic Gainsboro.

The City Manager stated that in December 1999, an agreement was entered into with the Roanoke Neighborhood Development Corporation indicating the City's commitment to lease 15,000 square feet of office space in the Crewe Suites building, which agreement did not specify a rate or a term; and she is of the opinion that any arrangements made by the City to lease space in other buildings surrounding the facility has not interfered with the City's commitment of \$300,000.00 to the Corporation. She further stated that although the agreement expired on June 30, 2001, with the Council's authority, the agreement could be reactivated under the same terms and conditions; and the previous agreement also indicated a condition for the use of the \$300,000.00 and that the project be constructed under the City's Virginia Procurement Act requirements.

The City Manager further stated that the presentation that was given, as well as a position supported by the City and the Housing Authority in January 2002, was that at the appropriate time, assuming that a design built project manager could be found, she would recommend to Council that the project be completed under the design built concept; the advantage of the design built concept is that the construction project manager fronts the costs, and assumes the risk of pre-construction costs, which are included in the total loan package at the time of consummation; and a new contract would have to be developed for approval by Council specifying any conditions with regard to the \$300,000.00 currently set aside for the project.

The City Manager stated that it is her understanding that the Corporation would like the availability of up to 45 spaces that would be paid for at market rate by the tenants, which would not mean the City would necessarily set aside 45 spaces, but the spaces would be available at the time needed for leasing. She explained that between the 95 parking spaces on the Surface Lot and approximately 335 or 337 spaces in the Higher Education Parking Garage, there should be adequate spaces available; and the only long term commitment that has been made is to the GOB South Project, whereby the City has committed one parking space per apartment to be made available, in conjunction with such leases, but to be guaranteed a space, the lessee would have to pay to lease a vacant space.

Council Member Carder asked if discussions were with regard to a new agreement because it is his understanding that the original agreement was for 45,000 square feet of office space, which the City did not have a price on that is now being listed at market rate; whereupon, the City Manager advised that nothing was included in the agreement that stipulated a rate or a term; however, Ms. Law had advised her that discussions with the former City Manager was for a 20-year lease which would require the City to sign a lease for that period of time, but would also require a public hearing.

Council Member Carder requested that a written proposal be submitted to Council since the agreement was being modified and there is no documentation available.

In response to Council Member Carder's inquiry with regard to the \$300,000.00, the City Manager advised that the Corporation was requesting the \$300,000.00 which was part of the previous agreement, and in addition, the Corporation is requesting that the agreement be silent or to stipulate the ability to use the design built concept, and she was in agreement if the Corporation could find a project manager to front the cost. She called attention to the timeline to consummate or to complete the lease with the City which will be difficult until a footage cost has been determined.

At this point, Council Member Dowe left the meeting.

Mayor Smith inquired about the leased spaces that are currently being paid for by the City; whereupon, the City Manager advised that she plans to take any lease activity back to City Hall, with the exception of spaces previously committed to the Crewe Suites project. Mayor Smith further inquired about the market rate per square foot for leased space; whereupon, the Director of Real Estate Valuation stated that the rate was between \$10.00 - \$14.00 per square foot.

Following discussion, the City Manager agreed to provide Council with information on rental rates at a later date.

At this point, Council Member Bestpitch left the meeting.

Council Member Wyatt advised that removal of procurement provisions is a positive step because it will enable the City to keep the dollars at home and the communities will benefit.

Council Member Carder commented that the City's Virginia Procurement Act ensures that certain procedures are followed that protect all parties involved. Mr. Price responded that not only was his reputation at stake, but Payne Construction Company's as well, and added that he believes there will be increased scrutiny since it is a minority project.

COUNCIL: With respect to the Closed Meeting concluded at 3:15 p.m., Mr. Carder moved that each Member of City Council certify to the best of his or her knowledge that: (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act; and (2) only such public business matters as were identified in any motion by which any Closed Meeting was convened were heard, discussed or considered by City Council. The motion was seconded by Ms. Wyatt and adopted by the following vote:

AYES: Council Members Carder, Cutler, Wyatt and Mayor Smith -----4.

NAYS: None-----0.

(Vice-Mayor Harris and Council Members Bestpitch and Dowe had left the meeting when the vote was recorded.)

There being no further business, the Mayor declared the meeting adjourned at 4:45 p.m.

A P P R O V E D

ATTEST:

Stephanie M. Moon
Deputy City Clerk

Ralph K. Smith
Mayor